

CORPORATE GOVERNANCE OVERVIEW

RESPONSIBILITIES OF THE BOARD

The Board's responsibilities include:

- Oversight of the Company, including its control and accountability systems and the performance of the Executive Director;
- Review and ratification of the integrity of the Company's financial management and reporting systems and processes;
- Establishment and monitoring of risk assessment and management, internal compliance and control procedures;
- Review and approval of the Company's yearly and half yearly financial reports and other financial reporting in compliance with the applicable accounting standards, the Listing Rules of the Australian Securities Exchange, and the Corporations Act;
- Appointment, removal and remuneration of, and delegation of authority to, the Executive Director;
- Appointment, removal and monitoring of the performance of the Secretary and the Company's External Accountants;
- Appointment of, liaison with, and regular review of, the effectiveness and independence of the Company's External Auditor;
- Regularly receiving, reviewing and applying reports and recommendations from the Executive Director concerning significant aspects of the Company's business and operations;
- Approving and monitoring financial and other reporting;
- Informing itself about and considering the implications of events and circumstances that could significantly affect the Company;
- Ensuring that appropriate policies and procedures are in place for sound corporate governance including compliance with continuous disclosure requirements and other legal compliance;
- To set the strategic direction of the Company and monitor progress of those strategies;
- Take responsibility for Corporate Governance;
- Review and ratify systems for health, safety and environmental management; risk and internal control and regulatory compliance for both employees and contractors.

APPOINTMENT AND ROTATION OF DIRECTORS

One third of Directors retire by rotation annually. Professor J Ross Harper was re-elected a Director in November 2007. John Anderson was appointed Executive Director and ratified as a Director member of the Board in November 2008.

The Chairman of the Board is responsible for the performance appraisal of Directors and this occurs annually. Criteria such as attendance, knowledge and familiarity of key issues and strategy input are some of the criteria. Each Director has signed a Director's agreement setting out their responsibilities, objectives and the outcomes expected.

BOARD STRUCTURE AND COMPOSITION

The skills, experience and expertise relevant to the position of each Director who is in office at the date of the annual report and their term of office are detailed in the Directors' report. To add value to the Company, the Board has been formed to adequately discharge its responsibilities and duties given the Company's size and scale of operations.

The names of the independent Directors of the Company are:

- Professor J Ross Harper (Chairman)

ASSESSING THE INDEPENDENCE OF DIRECTORS

The Board's criterion for determining the independence of a Director is whether the Director is independent of management and free from any business or other relationship that could materially interfere with (or could reasonably be perceived to materially interfere with) the exercise of unfettered and independent judgment.

In determining whether this criterion is satisfied, the Board has regard to threshold tests to assess whether there are matters that may require consideration in relation to a Director's ability to exercise unfettered and independent judgment.

However, the threshold tests are not conclusive. The Board may determine that a Director is independent notwithstanding that some of the threshold tests are not met. Conversely, there may be circumstances in which a Director will not be considered independent, although all the threshold tests are met.

In considering independence, the Board distinguishes between a relationship that may occasionally give rise to a particular discrete conflict of interest that can be addressed by appropriate conflict of interest procedures, and a relationship that may more generally impair the Director's objectivity and independence of mind.

Each Director is required to keep the Board fully informed of new developments or circumstances that may be relevant to the Director's independence.

The threshold tests to which the Board has regard in connection with assessing the independence of Directors are those set out in items 1 to 7 in Box 2.1 of the ASX Principles and Recommendations.

In this connection, for the purpose of considering whether a relationship with a professional advisor or consultant is material, the Board has regard to whether the aggregate payments for services to the

advisor or consultant in any of the last three years has represented more than:

- 5% of the advisor's or consultant's revenue in any of those years; or
- 0.5% of the average market value of the Company's investment portfolio during any of those years.

However, these quantitative indicators of potential materiality will not be treated as conclusive. Qualitative aspects will also be considered, including the strategic significance and underlying nature of the relationship with the relevant advisor or consultant.

The Board considers that of a total of three Directors, one is considered to be independent (Professor J Ross Harper).

Mr. John Anderson is an Executive Director of the Company and is not considered to be independent.